

Prepared by Glenigan, on
behalf of the NFRC

 **Glenigan**

State of the UK Roofing Industry

Q1 2021


LEADING ROOFING EXCELLENCE

NFRC is the UK's largest and most influential roofing and cladding trade association. With a history spanning over 125 years, NFRC has established itself as the voice of the roofing industry, constantly adapting to change and innovation to ensure its members are at the forefront.

www.nfrc.co.uk

May 2021

Contents

About The Author	3
About This Survey.....	3
Introduction by James Talman, NFRC Chief Executive.....	4
Key Indicators	5
Workload and Enquiries by Sector	6
Workload and Enquiries by Region	7
Employment and Skills Shortages	8
Costs, Prices and Materials Availability	9
Market Expectations.....	10
Payment Terms	11
Competitions and Markets Authority	12

Charts

Chart 1: Change in Key Market Indicators	5
Chart 2: Workload and Enquiries by Sector.....	6
Chart 3: Workload and Enquiries by Region	7
Chart 4: Labour Indicators	8
Chart 5: Areas of Skills Shortages	8
Chart 6: Change in Costs and Prices	9
Chart 7: Material Shortages.....	9
Chart 8: Market Expectations - Next Quarter.....	10
Chart 9: Market Expectations - Next Quarter.....	10
Chart 10: Payment Terms and Periods.....	11
Chart 11: Competitions and Markets Authority (CMA) case law	12



About The Author



Allan Wilen BSc (Hons),
Economic Director



Allan heads up Glenigan's Economics Unit and has over 30 years' experience in providing insightful market analysis and forecasts on UK construction and the built environment. Following 20 successful years as Economics Director at the Construction Products Association, Allan joined Glenigan 13 years ago. During this time Allan and his team have helped hundreds of businesses confidently develop their market strategies.

Allan sits on the Consulting Committee on Construction Industry Statistics for the Dept for Business (BEIS), is member of a Construction Leadership Council working group and is a guest lecturer in construction at the University of Reading.

About This Survey

This report looks at activity during the three months to March 2021. The survey of NFRC members was conducted between the 30th March and 8th April 2021. 200 roofing contractors responded to the survey and the responses were weighted to reflect the size of the individual firms and the structure of the roofing sector.

Introduction by James Talman, NFRC Chief Executive



James Talman

NFRC Chief Executive



The roofing and cladding industry continued to perform well in the first quarter of this year, reflecting the growth seen in the wider construction industry. Over half of respondents to this survey reported a rise in workload on the previous quarter against only 11 per cent reporting a decline.

Whilst all parts of the roofing industry grew in the first three months of the year, growth was seen particularly in the domestic repair, maintenance and improvement sector (34 per cent net balance), with homeowners still continuing to spend their disposable income on home improvement projects through the third lockdown.

Unsurprisingly the new-build residential sector continued to report growing workloads (33 per cent net balance), reflecting the strong performance of the wider sector due to the Stamp Duty Land Tax rebate extension.

Geographically, the North of England was the best performing region in outlook alongside those contractors operating nationwide. London and Southern Counties also saw an encouraging up-take in workloads. Wales and Scotland both reported a slight drop in workloads after a positive end to 2020.

The high workloads seen by roofing contractors has been a double-edged sword for the industry, as it has exacerbated supply-side issues, in particular related to labour and materials. Unsurprisingly, the growth in workloads has led to a rise in both the direct (and labour only sub-contractor) headcount, but over half of roofing contractors (56 per cent) said they were struggling to find people to fill these roles. Contractors report they are finding it particularly difficult to find roof slaters and tilers (39 per cent), felters (33 per cent), specialist slaters (29 per cent), tilers (22 per cent) and lead workers (21 per cent) – the majority of roles associated with the growing residential market.

Last quarter we reported on material shortages of various roofing products, and this only seems to have intensified over the last three months. Two-thirds of roofing contractors (68 per cent) reported material availability had deteriorated, with almost half continuing to report concrete tile shortages (48 per cent), 34 per cent now reporting timber batten shortages, and over a quarter (26 per cent) reporting shortages of insulation. These shortages and the rising price of raw materials has meant that almost 9 in 10 (89 per cent) of contractors reported price rises over the quarter.

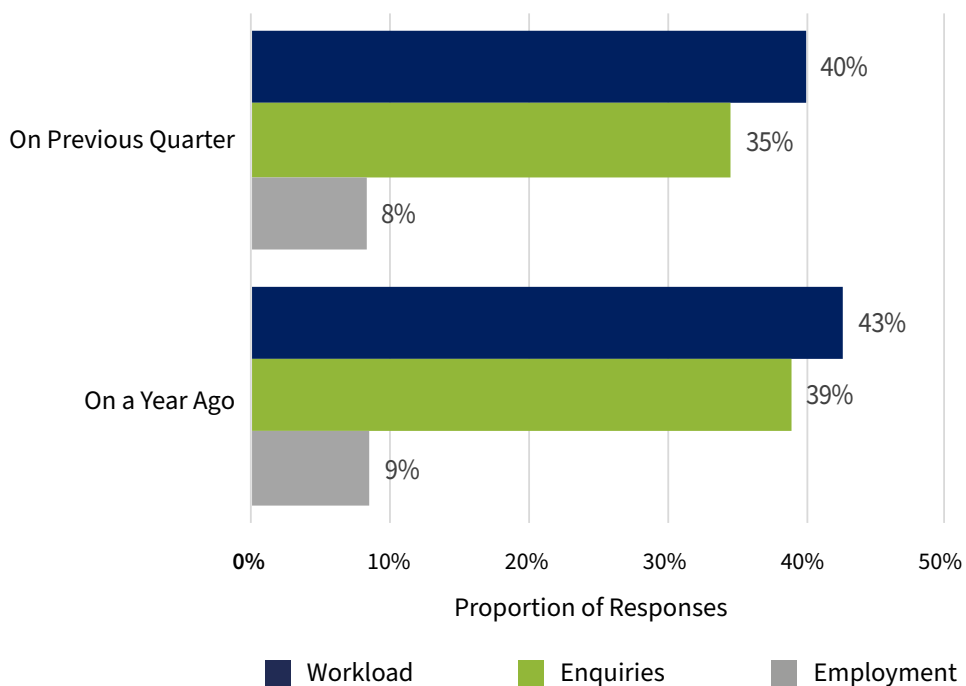
To end on a positive note however, it is encouraging to see that roofing contractors expect the robust workloads seen in the first quarter continue for the rest of the year. What is needed now is for government to work with industry to ensure that any future stimulus packages, particularly related to its net zero ambitions, also encourage investment in apprenticeships and upskilling needs.

Key Indicators

Roofing contractors reported a further strong rise in workload during the first quarter of 2021, with 51 per cent seeing a rise in workload on the previous quarter against 11 per cent reporting a decline.

The rise in workload should continue over the next three months as enquiries have also grown strongly with a balance of 35 per cent of firms reporting a rise. The increase in industry workload supported a rise in direct employment with a balance of firms (8 per cent) expanding their direct workforce against the preceding three months and 9 per cent seeing an increase on a year ago.

Chart 1: Change in Key Market Indicators



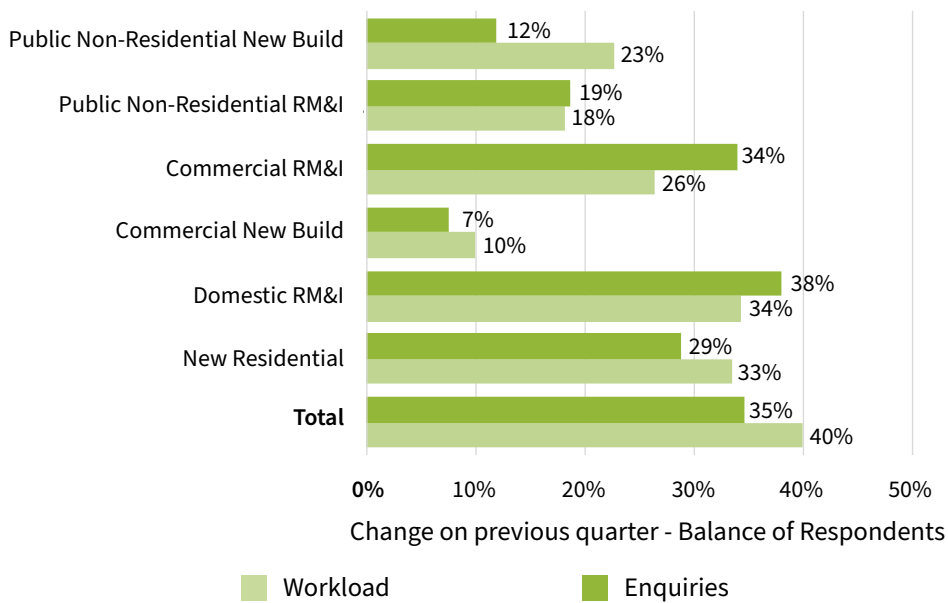
Workload and Enquiries by Sector

Workload rose strongly during the first quarter, with a balance of 40 per cent of roofing contractors reporting that their overall workload was up on the closing months of 2020. New build residential and domestic repair maintenance and improvement (RM&I) sectors were the fastest growing sectors, while non-residential RM&I also saw strong growth.

Roofing contractors reported a more modest improvement in commercial and public non-residential new build workload.

Increased enquiries point to a further strengthening in workload during the second quarter. New residential and domestic RMI are set to remain strong growth areas, but contractors also report a sharp rise in enquiries for commercial RM&I work.

Chart 2: Workload and Enquiries by Sector

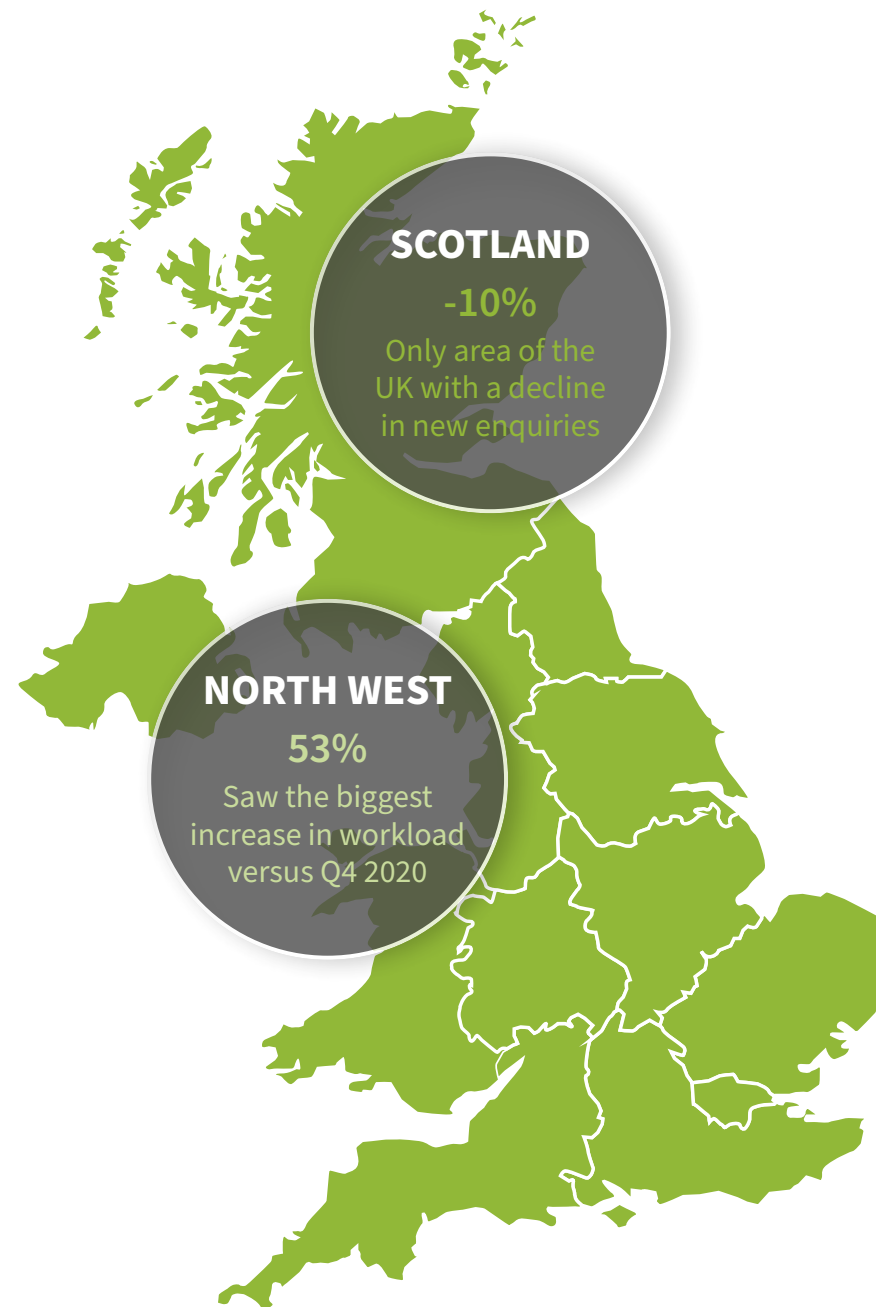
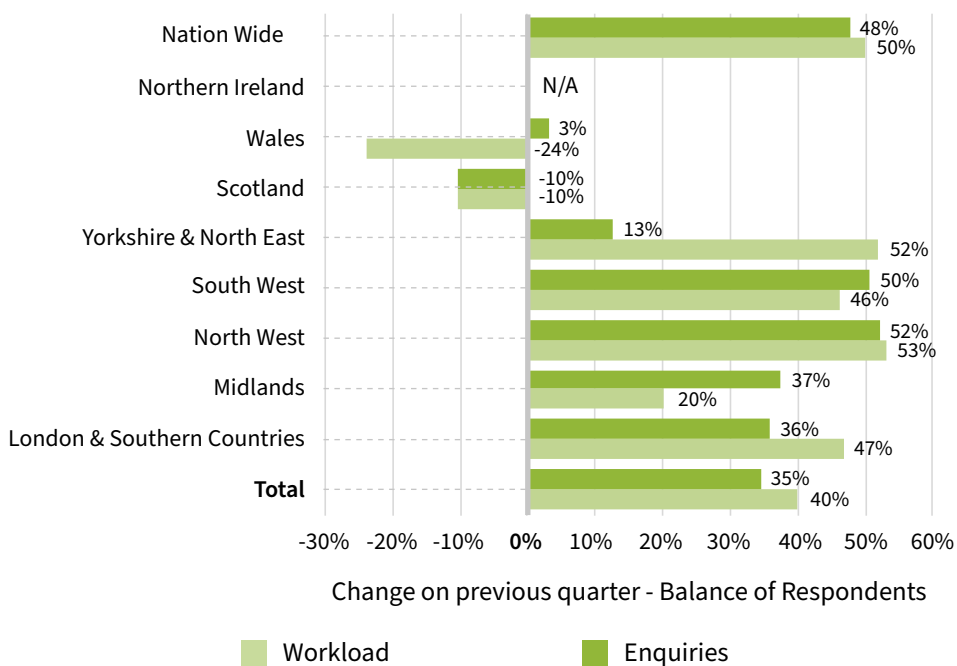


Workload and Enquiries by Region

The north of England enjoyed the strongest rise in workload against the fourth quarter of 2020 alongside contactors with a nation-wide presence. Workload also picked up sharply in London and the Southern counties after a subdued performance during the previous quarter. In contrast firms in both Scotland and Wales reported a drop in workload following strong growth during the previous quarter.

Strong enquires point to further growth in the north west, midlands and across southern England over the coming months. Firms with nation-wide operations also saw a further marked improvement in enquiries. Scotland was the only part of the UK to see a deterioration in new enquiries.

Chart 3: Workload and Enquiries by Region



Employment and Skills Shortages

The rise in workload has been accompanied by an increase in firms' direct headcount and greater use of sub-contracted labour. Finding skilled labour has become more difficult; 44 per cent of firms reported greater difficult recruiting suitable labour during the quarter against just 2 per cent finding recruitment easier. Roof slater and tiler was the most mentioned role that was difficult to fill. Felters, specialist slaters, tilers and lead workers were also frequently mentioned.

Chart 4: Labour Indicators

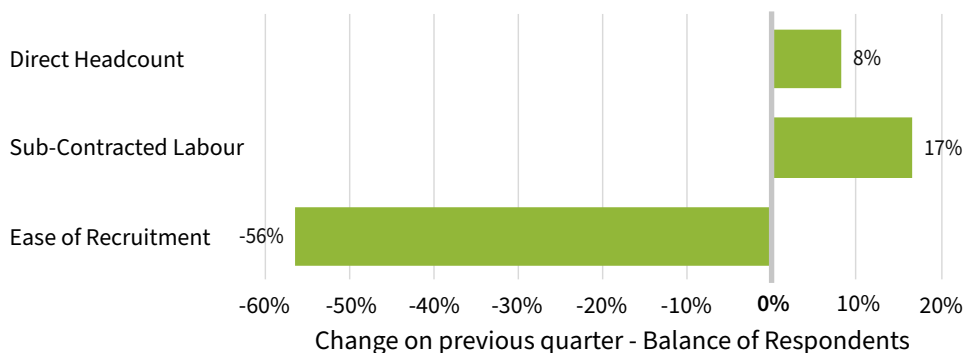
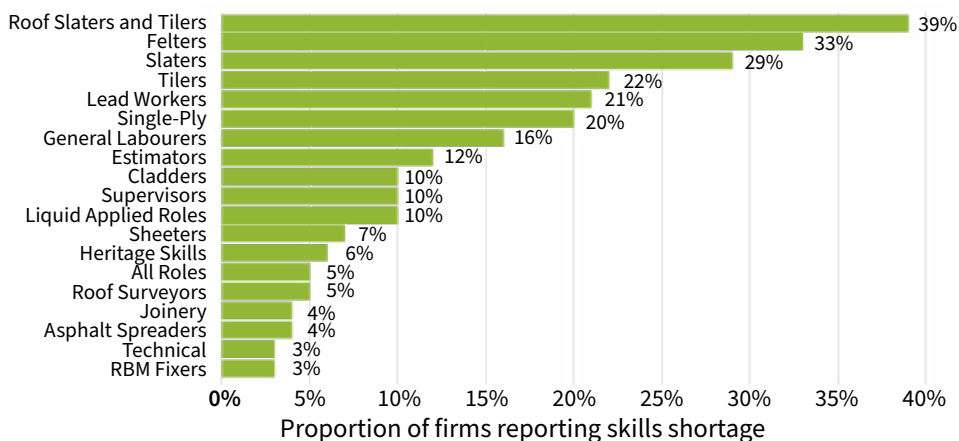


Chart 5: Areas of Skills Shortages



Costs, Prices and Materials Availability

Rising workloads have fuelled an increase in labour costs as well as recruitment difficulties. A balance of 46 per cent of firms reported that their labour costs rose during the first quarter.

However, material availability and costs are of greater concern to roofing contractors. 89 per cent of firms reported that material prices had risen against the previous quarter and over two-thirds (68 per cent) reported that material availability had deteriorated. Almost half (48 per cent) of firms reported difficulty obtaining concrete roof tiles. Timber battens (34 per cent), insulation (26 per cent) and clay roof tiles (25 per cent) were also frequently mentioned as being in short supply.

Chart 6: Change in Costs and Prices

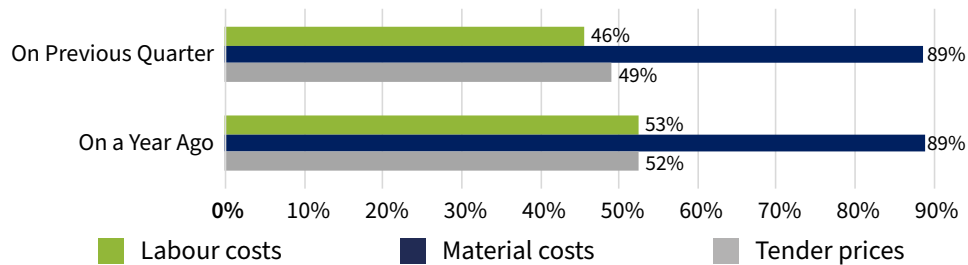
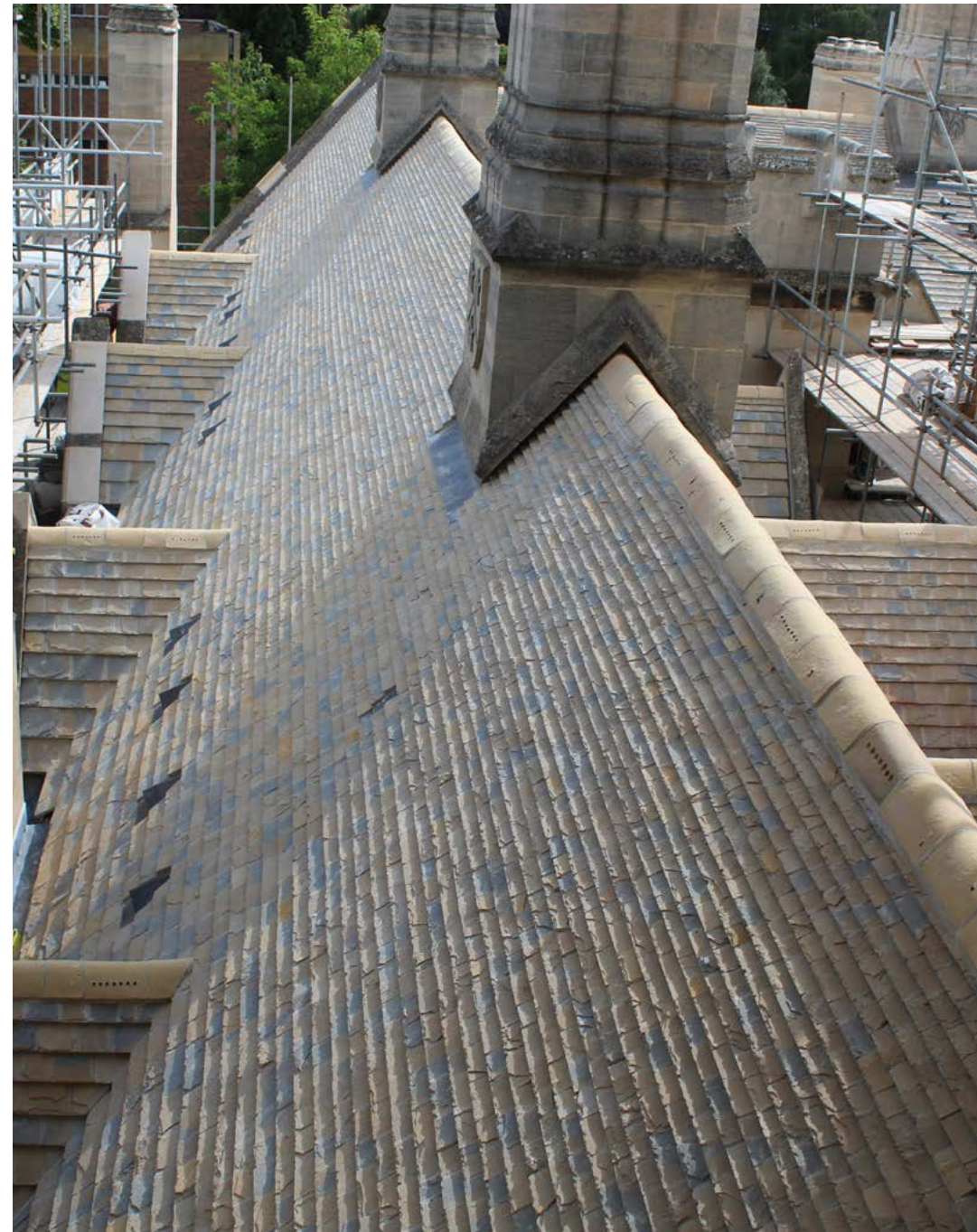
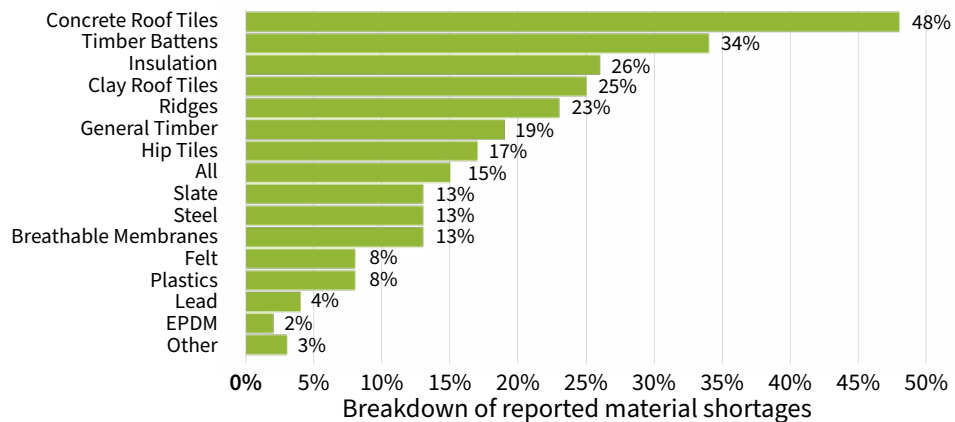


Chart 7: Material Shortages



Market Expectations

Roofing contractors anticipate that the recent rise in activity will be sustained over the next 12 months. Looking to the year ahead, roofing contractors anticipate a sustained improvement in workload in 2021. The residential sectors are expected to remain strong growth areas during the next quarter and over the next 12 months. Whilst non-residential RM&I workloads are expected to grow further, firms also anticipate a marked pick-up in commercial and public non-residential work.

Chart 8: Market Expectations - Next Quarter

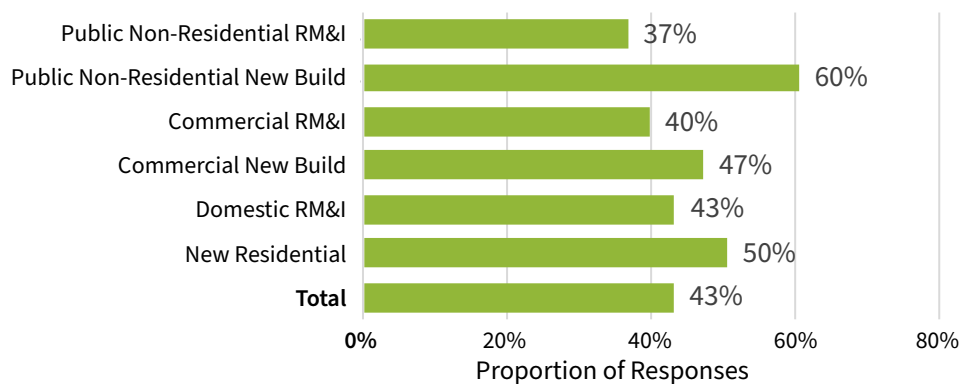
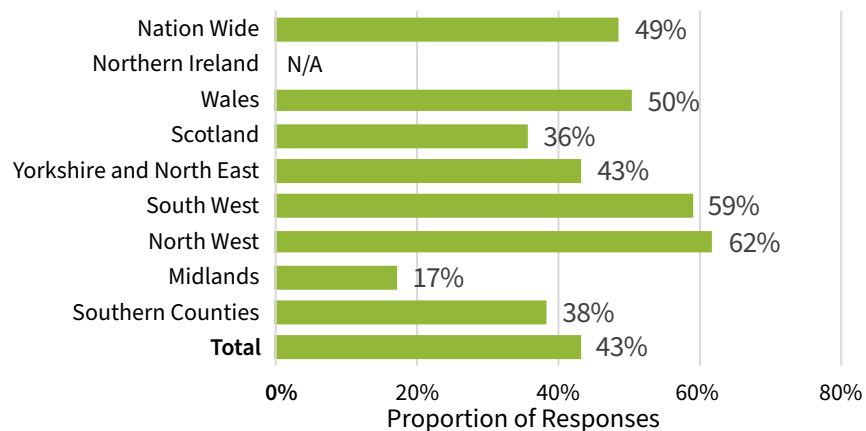


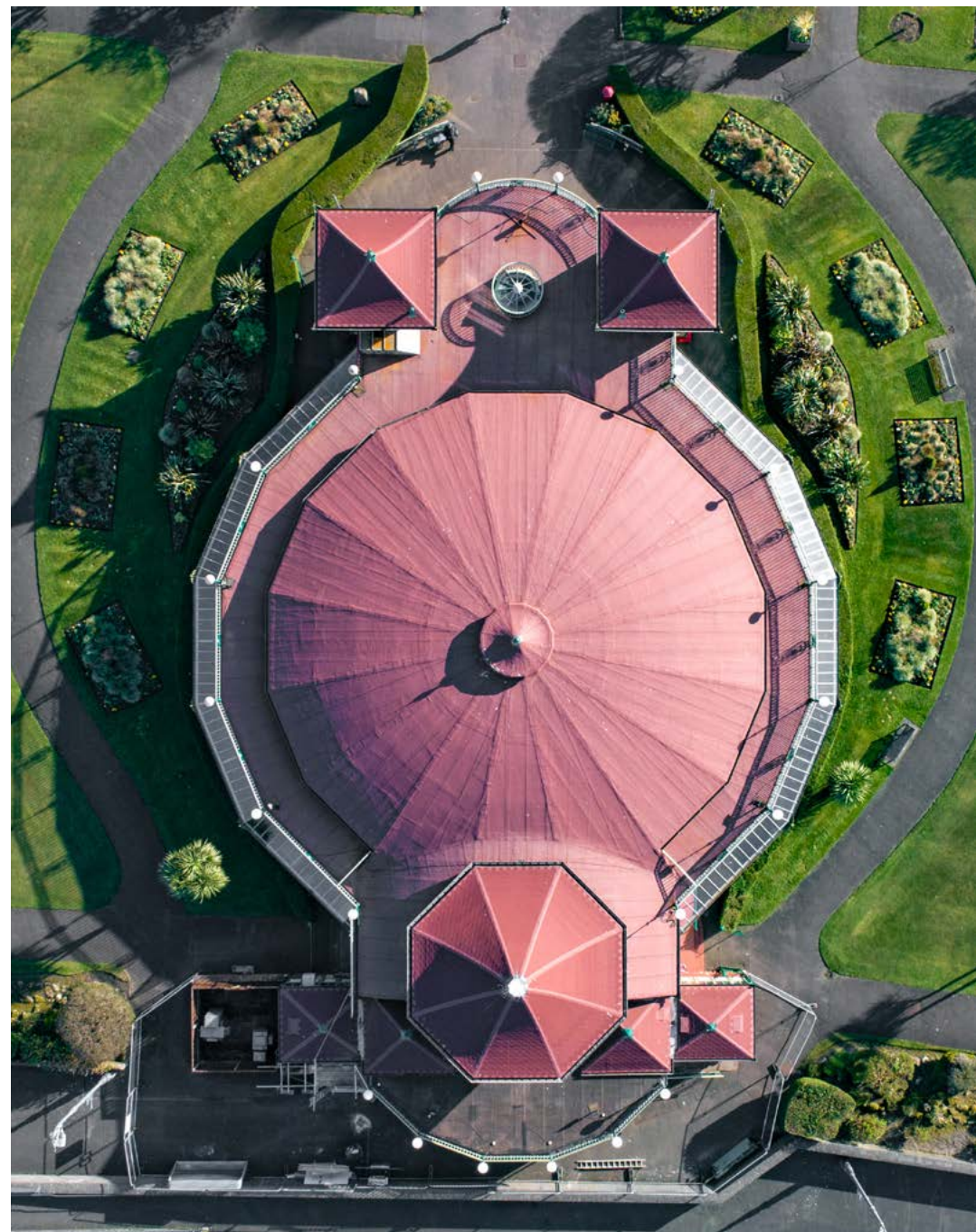
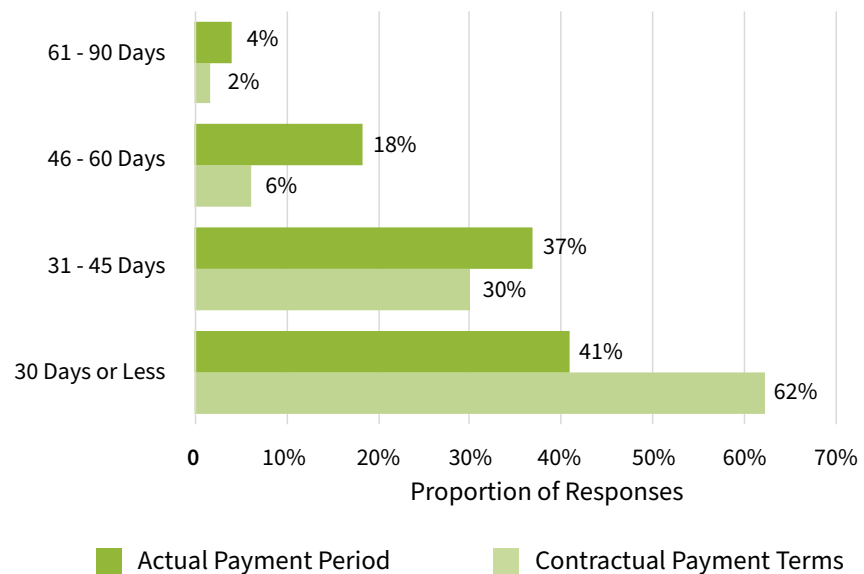
Chart 9: Market Expectations - Next Quarter



Payment Terms

Firms reported that the late payment of due accounts is widespread. Whilst 62 per cent of firms have contractual payment terms of 30 days or less, only 41 per cent of firms were, on average, paid within that period. A similar picture was reported by firms with longer payment terms. Only 8 per cent of firms had payment terms of 46 days or more, but 22 per cent of firms reported that was the average time that they had to wait for payment.

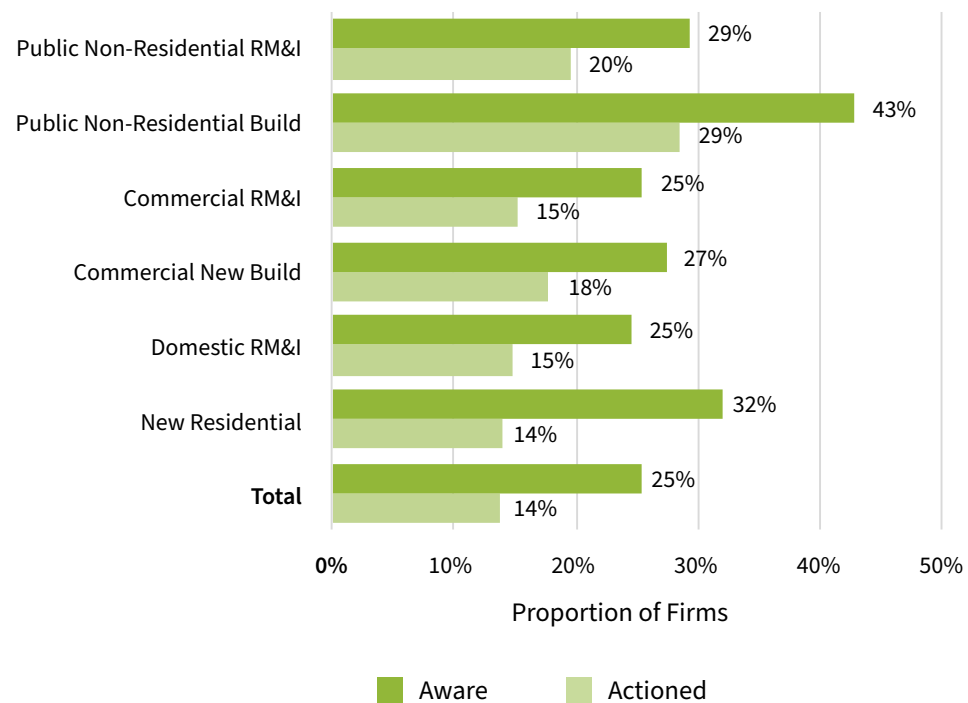
Chart 10: Payment Terms and Periods



Competitions and Markets Authority

The recent case ruling by the Competitions and Markets Authority (CMA) highlights the need for firms to ensure that they have robust and transparent processes in place to prevent collusion. The survey found that only a quarter of firms were aware of the recent CMA ruling and just 14 per cent had taken action to ensure appropriate controls are in place. Awareness was greatest among firms working for public sector clients; 43 per cent operating in the public non-residential new build sector were aware of the CMA ruling and 29 per cent had reviewed their compliance programme.

Chart 11: Competitions and Markets Authority (CMA) case law





Call 020 7638 7663
Email helpdesk@nfrco.co.uk
Visit www.nfrco.co.uk
31 Worship Street,
London EC2A 2DY

Glenigan

Glenigan are proud to have partnered with the NFRC to produce this State of the UK Roofing Industry report.

We help roofing contractors, materials manufacturers and suppliers to find new-business opportunities, and to better understand their markets.

If you'd like to find out how we can help your business, please visit the link below. We're pleased to be able to offer preferential rates to NFRC members.

www.glenigan.com/nfrc

Call 0800 060 8698
Email info@glenigan.com
Visit www.glenigan.com
80 Holdenhurst Road,
Bournemouth BH8 8AQ

© Glenigan May 2021